



## BEFORE THE ARIZONA CORPORATION COMMISSION

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2006 SEP -1 P 12: 22

COMMISSIONERS

JEFF HATCH-MILLER - CHAIRMAN  
WILLIAM A. MUNDELL  
MARC SPITZER  
MIKE GLEASON  
KRISTIN K. MAYES

AZ CORP COMMISSION  
DOCUMENT CONTROL

E-04204A-06-0555

IN THE MATTER OF THE APPLICATION BY ) DOCKET NO. E-04204A-06-  
UNS ELECTRIC, INC. REQUESTING A WAIVER )  
FROM THE REPORTING REQUIREMENTS OF ) **REQUEST FOR WAIVER**  
DECISION 57346. ) **OF OUTDATED REPORTING**  
**REQUIREMENT**

UNS Electric, Inc. ("UNSE" or the "Company"), through undersigned counsel, respectfully requests that the Arizona Corporation Commission ("Commission") issue an order waiving the outdated reporting requirement contained in Commission Decision No. 57346, that ordered Citizens Utilities Company ("Citizens") to file certain quarterly reports.

This reporting requirement is no longer relevant or necessary, as detailed below. However, the reporting requirement remains in the Commission's database until it is formally waived or otherwise removed by Commission action. UNSE has worked with the Commission's Utilities Division to update compliance matters and UNSE believes that this request for a waiver is the proper means by which this outdated reporting requirement can be closed.

Decision No. 57346 (May 1, 1991), attached hereto as Exhibit 1, approved Citizens' "Citizens Assistance Residential Energy Support Tariff" ("CARES"). Pursuant to Decision No. 57346, Citizens' Mohave and Santa Cruz Electric Divisions were required to file quarterly reports which provide the entries in the deferral account and supporting information, including start-up costs, lost revenues, and application of a return component (weighted cost of capital approved in Citizens' last rate case) to the lost revenues and expenses. The quarterly reports were also to provide

1 information on participation in the program and participants' electricity usage, as described in  
2 Findings of Fact No. 14.

3 UNSE believes the required information is neither timely nor appropriate for UNSE to  
4 continue to report. First, while the information was timely in 1991 when the tariff was new, the  
5 CARES tariff was addressed and approved in subsequent Citizens' rate cases. Second, Decision No.  
6 57346 ordered that the deferral account terminate on April 1, 1993, unless Citizens files a rate case  
7 prior to April 1, 1993 or Citizens applies to continue the deferral account no later than January 31,  
8 1993, as described in Findings of Fact No. 16.

9  
10 UNSE believes the reporting requirements for the CARES program in Decision Nos. 66861  
11 and 67434 are timely and appropriate and replace the reporting requirements in Decision No. 57346.  
12 Decision No. 66861 (March 23, 2004), attached hereto as Exhibit 2, was issued after the sale of  
13 Citizens' Arizona gas and electric utility assets to UniSource Energy Corporation. Pursuant to  
14 Decision No. 66861, UNS Gas, Inc. ("UNSG") was ordered to file semi-annual reports with the  
15 Commission, documenting the CARES program participation levels as well as program cost  
16 recoveries and expenditures related to the CARES program deferral account balance, on a monthly  
17 basis ("CARES Reports"). Such CARES Reports were to be filed on January 30<sup>th</sup> and July 30<sup>th</sup> of  
18 each year, documenting the previous first six months' and second six months' activity for each  
19 calendar year, respectively, as described in Findings of Fact No. 9.A.

20  
21 Pursuant to Decision No. 67434 (December 3, 2004), attached hereto as Exhibit 3, UNSG  
22 was ordered to continue to file the CARES Reports and UNSE was ordered to begin filing such  
23 reports as well. The reports list by month, the number of participants, the total amount of discounts,  
24 the average amount of discount per customer, and the amount of administrative expenses associated  
25 with the management of the CARES program, as described in Findings of Fact No. 16. UNSE is  
26 currently filing these CARES Reports with the Commission, in compliance with Decision No.  
27 67434. A copy of the January 2006 – June 2006 UNSE CARES Report is attached hereto as Exhibit  
28 4. UNSE believes the reporting required in Decision No. 67434 satisfies the previous reporting  
29 requirement ordered by the Commission of Citizens in Decision No. 57346.  
30

1 WHEREFORE, UNSE respectfully requests that the Commission issue its order waiving the  
2 filing requirement in Decision No. 57346 for the reasons stated above and for such other relief as the  
3 Commission deems necessary.  
4

5  
6 RESPECTFULLY SUBMITTED this 31<sup>st</sup> day of August 2006.  
7

8 UNS ELECTRIC, INC.

9 By: Michelle Livengood  
10

11 Michelle Livengood  
12 One South Church, Suite 200  
13 Tucson, Arizona 85701

14 Attorney for UNS Electric, Inc.

15  
16 Original and 13 copies of the foregoing  
17 filed this 31<sup>st</sup> day of August 2006 with:

18 Docket Control  
19 Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

20 Copy of the foregoing hand-delivered/mailed  
21 this 31<sup>st</sup> day of August 2006 to:

22 Chairman Jeff Hatch-Miller  
23 Arizona Corporation Commission  
1200 West Washington Street  
24 Phoenix, Arizona 85007

25 Commissioner William A. Mundell  
26 Arizona Corporation Commission  
1200 West Washington Street  
27 Phoenix, Arizona 85007

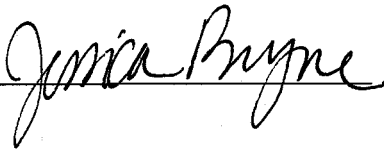
28 Commissioner Mike Gleason  
29 Arizona Corporation Commission  
1200 West Washington Street  
30 Phoenix, Arizona 85007

1 Commissioner Kristin K. Mayes  
2 Arizona Corporation Commission  
3 1200 West Washington Street  
4 Phoenix, Arizona 85007

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9 Christopher C. Kempley, Esq.  
10 Chief Counsel, Legal Division  
11 Arizona Corporation Commission  
12 1200 West Washington Street  
13 Phoenix, Arizona 85007

14 Ernest G. Johnson  
15 Director, Utilities Division  
16 Arizona Corporation Commission  
17 1200 West Washington Street  
18 Phoenix, Arizona 85007

19 By   
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# Exhibit 1

BEFORE THE ARIZONA CORPORATION COMMISSION

MARCIA WEEKS  
Chairman  
RENZ D. JENNINGS  
Commissioner  
DALE H. MORGAN  
Commissioner

IN THE MATTER OF THE APPLICATION OF )  
CITIZENS UTILITIES COMPANY MOHAVE )  
ELECTRIC DIVISION AND CITIZENS )  
UTILITIES COMPANY SANTA CRUZ )  
ELECTRIC DIVISION FOR APPROVAL OF )  
CITIZENS ASSISTANCE RESIDENTIAL )  
ENERGY SUPPORT TARIFF )

DOCKET NO. E-1032-91-021

DECISION NO. 57346

ORDER

Arizona Corporation Commission  
**DOCKETED**

MAY 01 1991

DOCKETED BY

SH

Open Meeting  
May 1, 1991  
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Citizens Utilities Company is certified to provide electric service as a public service company in certain areas of Mohave and Santa Cruz Counties.

2. On January 23, 1991, Citizens Utilities Company, Mohave Electric Division, and Citizens Utilities Company, Santa Cruz Electric Division (Citizens, MED, and SCED), filed an application for a hearing to consider approval of a low-income assistance tariff (LIAT) and associated accounting procedures.

3. On March 20, 1991, Citizens filed new tariff pages which changed the name of the program to Citizens Assistance Residential Energy Support (CARES) and corrected a typographical error.

4. On April 15, 1991, Citizens filed new tariff pages which modify the customer recertification process for the CARES program.

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...

1        5. The key elements of this program are: (1) declining  
2 percentage discounts from customer bills based on monthly usage  
3 and; (2) eligibility requirements based on federal poverty  
4 guidelines.

5        6. Eligible MED customers would receive a declining  
6 percentage discount at the following monthly usage levels: 30  
7 percent for 0-300 kWh, 20 percent for 301-600 kWh, 10 percent for  
8 601-1000 kWh, and no discount for usage over 1000 kWh. Eligible  
9 SCED customers would receive a declining percentage discount at the  
10 following monthly usage levels: 30 percent for 0-200 kWh, 20  
11 percent for 201-400 kWh, 10 percent for 401-700 kWh, and no  
12 discount for usage over 700 kWh. Citizens proposes a lower range  
13 of usage for discounts in the SCED because usage in this area is  
14 generally lower.

15        7. As is the case with the Arizona Public Service Company  
16 (APS) and Tucson Electric Power Company (TEP) programs, customers  
17 with a household income of less than 150 percent of the federal  
18 poverty level would be eligible to participate in the CARES  
19 program. Initial qualification for the proposed tariffs would be  
20 determined through the Arizona Department of Economic Security  
21 (DES) to help ensure eligibility. The participation period is one  
22 year. For subsequent recertification, DES would contact and  
23 requalify participating customers annually.

24        8. At the present time, neither SCED nor MED has any master-  
25 metered customers, such as master-metered mobile home parks, which  
26 are sub-metered, so Citizens has not proposed including master-  
27 metered customers in the program, but will do so if the need  
28 arises.

9. Citizens requested that a deferral account be established to recover program costs in MED's and SCED's next rate proceeding. These costs include development, advertising, and implementation costs; discounted revenue expense; and a cost-of-capital component (equal to MED's and SCED's last established weighted average cost of capital) applied to the account balance.

10. SCED's manager estimates that 30 percent of its customers would participate while MED's manager expects participation to be 10 percent. These expected participation levels may be high based upon the experience of TEP and APS. However, errors in the estimates of participation levels have no financial effect; if the customer participation levels deviate from expectations, the amount of money placed into the deferral account will correspondingly change.

11. Citizens will provide advertising and customer communications in both English and Spanish to customers of both MED and SCED. In addition to bill inserts and newspaper and radio advertising, Citizens will distribute information at community centers, community service clubs, senior centers, and DES offices.

12. Staff has recommended that the application be approved. Staff further recommends approval of the deferral account, since this new, significant program was an initiative of Citizens, and because Citizens intends to file a rate case in the future.

13. Staff also has recommended that Staff approve Citizens' proposed application forms prior to use.



1 14. Additionally, Staff has recommended that Citizens file  
2 quarterly reports which provide the entries in the deferral account  
3 and supporting information, including start-up costs, lost  
4 revenues, and application of a return component (weighted cost of  
5 capital approved in Citizens' last rate case) to the lost revenues  
6 and expenses. The quarterly reports should also provide  
7 information on participation in the program and participants'  
8 electricity usage. Citizens should work with Staff to develop an  
9 appropriate format for the reports. The first report should cover  
10 all items through September 30, 1991.

11 15. Staff has also recommended that the Commission reserve  
12 the right to modify the CARES program after reviewing the quarterly  
13 reports.

14 16. Finally, Staff has recommended that the deferral account  
15 terminate on April 1, 1993, unless Citizens files a rate case prior  
16 to April 1, 1993, or Citizens applies to continue the deferral  
17 account no later than January 31, 1993.

#### 18 CONCLUSIONS OF LAW

19 1. Citizens is an Arizona public service corporation within  
20 the meaning of Article XV, Section 2, of the Arizona Constitution.

21 2. The Commission has jurisdiction over Citizens and over the  
22 subject matter of this Order.

23 3. Approval of the filing does not constitute a rate increase  
24 as contemplated by A.R.S. Section 40-250.

25 . . .

26 . . .

27 . . .

28 . . .

4. The Commission, having reviewed the application as amended, and Staff's Memorandum dated April 18, 1991, concludes that the filing, as amended, is reasonable, fair and equitable, and concludes that it is in the public interest to approve the CARES program without a hearing.

ORDER

THEREFORE IT IS ORDERED that the proposed tariffs, as amended, be and hereby are approved.

IT IS FURTHER ORDERED that the deferral account described in Finding of Fact No. 9 be and hereby is approved.

IT IS FURTHER ORDERED that Citizens submit application forms for the CARES program for Staff approval before they are used.

IT IS FURTHER ORDERED that Citizens file quarterly reports as indicated in Finding of Fact No. 14.

IT IS FURTHER ORDERED that the Commission may modify the program after reviewing the quarterly reports.

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1 IT IS FURTHER ORDERED that the deferral account terminate on  
2 April 1, 1993, unless Citizens files a rate case prior to April 1,  
3 1993, or Citizens applies no later than January 31, 1993 to  
4 continue the deferral account.

5 IT IS FURTHER ORDERED that this Decision shall become  
6 effective immediately.

7  
8 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

9  
10   
11 CHAIRMAN

12   
13 COMMISSIONER

14 COMMISSIONER

15 IN WITNESS WHEREOF, I, JAMES MATTHEWS,  
16 Executive Secretary of the Arizona  
17 Corporation Commission, have hereunto  
18 set my hand and caused the official  
19 seal of this Commission to be affixed  
20 at the Capitol, in the City of Phoenix,  
21 this 1 day of May, 1991.

22   
23 JAMES MATTHEWS  
24 Executive Secretary

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DISSENT   
GV:RG/mi

# Exhibit 2

1                                    **BEFORE THE ARIZONA CORPORATION COMMISSION**

2    **MARC SPITZER**  
         Chairman  
3    **WILLIAM A. MUNDELL**  
         Commissioner  
4    **JEFF HATCH-MILLER**  
         Commissioner  
5    **MIKE GLEASON**  
         Commissioner  
6    **KRISTIN K. MAYES**  
         Commissioner

Arizona Corporation Commission

**DOCKETED**

**MAR 23 2004**

DOCKETED BY

NR

8    **IN THE MATTER OF THE UNS GAS,**  
9    **INC. - PURCHASED GAS ADJUSTOR**  
10   **SURCHARGE**

DOCKET NOS. E-01032C-00-0751  
                 G-01032A-02-0598  
                 E-01933A-02-0914  
                 E-01032C-02-0914  
                 G-01032A-02-0914  
                 G-01032E-03-0515

12                                    **DECISION NO. 66861**

13                                    **ORDER**

15    Open Meeting  
16    March 17, 2004  
16    Phoenix, Arizona

17    **BY THE COMMISSION:**

18                                    **FINDINGS OF FACT**

19                1.    UNS Gas, Inc. ("UNS") is engaged in providing natural gas service within portions  
20    of Arizona, pursuant to authority granted by the Arizona Corporation Commission  
21    ("Commission").

22                2.    UNS' acquisition of the natural gas utility assets of Citizens Communications  
23    Company ("Citizens") was approved by the Commission in Decision No. 66028 (July 3, 2003).  
24    This Decision contained a variety of conditions, including requirements for UNS to conduct a  
25    variety of customer outreach activities.

26                3.    In Decision No. 64054 (September 27, 2001), the Commission approved a  
27    purchased gas adjustor ("PGA") surcharge for Citizens' Northern Arizona Gas Division  
28    ("NAGD") and Santa Cruz Gas Division ("SCGD"). This PGA surcharge was variable, with the

1 combination of the monthly PGA rate and the PGA surcharge equaling \$0.3435 per therm for the  
2 NAGD and \$0.2671 per therm for the SCGD for a 24 month period beginning with the October  
3 2001 billing cycle or until the PGA bank balance reached zero, whichever came sooner.

4 4. In Decision No. 65384 (November 13, 2002), the Commission approved a reduction  
5 in the PGA surcharge to \$0.3258 per therm for the NAGD and \$0.2326 per therm for the SCGD.  
6 This Decision also implemented a "surcharge holiday" wherein the PGA surcharge was not  
7 applied to customer bills in January and February 2003 and was halved on customer bills in  
8 December 2002 and March 2003. The PGA surcharge would expire after September 2003 or when  
9 the PGA bank balance reached zero, whichever came sooner.

10 5. In Decision No. 66341 (September 30, 2003), the Commission approved a revision  
11 of the PGA surcharge to \$0.1155 per therm, with the PGA surcharge in effect until the PGA bank  
12 balance reached zero. This Decision also implemented a circuit-breaker mechanism which  
13 exempted residential usage above 140 percent of average residential consumption during the  
14 December through March period from the PGA surcharge. This Decision contained requirements  
15 for UNS to conduct a variety of customer outreach activities.

16 6. On February 19, 2004, the Commission held an open meeting to receive public  
17 input and discuss UNS PGA surcharge issues. On February 24 and 26, 2004, the Commission held  
18 open meetings in Prescott to receive public input and discuss UNS PGA surcharge issues.

19 7. On March 12, 2004, consistent with A.R.S. § 40-252, the Commission held an open  
20 meeting to discuss UNS PGA surcharge issues and proposals to address the issues. As a  
21 procedural matter, at the March 12<sup>th</sup> open meeting, the Commission approved a series of items to  
22 be included in a proposed order for Commission consideration at an open meeting on March 17,  
23 2004. These items were:

24 A. The currently effective PGA surcharge of \$0.1155 per therm will remain in effect  
25 for all months through the October 2004 billing cycle, at which time the surcharge  
shall terminate.

26 B. The circuit-breaker mechanism threshold will be lowered to 125 percent of average  
27 monthly residential usage and will be applied at this level to customer bills in  
28 March and April 2004. The 125 percent threshold for March usage is 108 therms  
for northern Arizona customers and 88 therms for Santa Cruz County customers.

1 The 125 percent threshold for April is 76 therms for northern Arizona customers  
2 and 60 therms for Santa Cruz County customers.

3 C. The PGA surcharge will not be applied to any usage by customers served under the  
4 CARES tariff, beginning with the April 2004 billing cycle.

5 8. Staff is directed to evaluate through a study any potential unintended consequences  
6 of the circuit-breaker mechanism. The study should analyze possible inequities resulting from the  
7 circuit-breaker mechanism, such as those which may exist between small and large natural gas  
8 users. The study should also address how the circuit-breaker mechanism may impact energy  
9 conservation, such as the price signals consumers are sent and their effect on conservation. The  
10 study should include options for potential action by the Commission to deal with these issues in  
11 the future. The study should be completed and filed with the Commission within 60 days of the  
12 date of this order.

13 9. At recent open meetings, the Commission expressed a concern with the past public  
14 outreach efforts by UNS and a desire for UNS to enhance its public outreach efforts in the face of  
15 natural gas prices which may remain high for the next year and beyond. Therefore:

16 A. UNS shall file semi-annual reports with the Commission, documenting CARES  
17 program participation levels as well as program cost recoveries and expenditures  
18 related to the CARES program deferral account balance, on a monthly basis. Such  
19 reports shall be filed by January 30<sup>th</sup> and July 30<sup>th</sup> of each year, documenting the  
previous first six months' and second six months' activity for each calendar year,  
respectively.

20 B. UNS shall aggressively inform the public in all areas served by UNS of the  
21 availability and benefits of participation in the CARES program, including radio,  
22 television, and newspaper ads, as well as separate bill inserts in both Spanish and  
23 English to be sent out quarterly. This outreach should also include further efforts to  
24 reach out and contact other community agencies and to work with such agencies to  
increase CARES program participation. Outreach efforts regarding the CARES  
program should also inform customers of the lead time required for customers to  
sign up for the CARES program before the winter heating season.

25 C. UNS shall conduct a comprehensive public outreach program in all areas served by  
26 UNS, to discuss UNS gas prices and mitigation opportunities, including the CARES  
27 program, budget billing, levelized billing, and ways to reduce energy usage such as  
28 demand-side management and weatherization. This public outreach program shall  
prominently feature UNS' predictions of natural gas prices for the coming winter  
and factors contributing to those prices. UNS shall include bill inserts in

customer's June, September, and November bills. These inserts must be accompanied by a press release that should go to newspapers in Flagstaff, Prescott, Cottonwood, Kingman, Lake Havasu, Holbrook, Winslow, Show Low and Nogales. This press release must also be posted on the Company's website. In addition, UNS must advertise on radio, television, and newspaper about the content of the inserts.

D. UNS must submit its outreach program, including all bill inserts and proposed advertisements and press releases for Commission Staff approval, such that the program is approved by the Commission Staff no later than May 2004.

10. At the March 17th open meeting, UNS was provided the opportunity to be heard on each item specified in paragraphs 7, 8 and 9, above.

11. Based on the information developed during this proceeding, it is appropriate that the items specified in paragraphs 7, 8 and 9, above, be approved at this time.

12. UNS and Staff shall jointly develop a recommended notice that explains this decision and present it to the Commission no later than March 31, 2004.

#### CONCLUSIONS OF LAW

1. UNS is an Arizona public service corporation within the meaning of Article XV, Section 2, of the Arizona Constitution.

2. The Commission has jurisdiction over UNS and over the subject matter of this proceeding.

3. Pursuant to A.R.S. § 40-252, and following Notice and an opportunity to be heard on the part of UNS, the Commission has jurisdiction to alter or amend Decision Nos. 66028 and 66341 as provided herein.

4. The Commission concludes that it is in the public interest to approve this matter, as discussed herein.

#### ORDER

IT IS THEREFORE ORDERED that the PGA surcharge revisions, reporting requirements, and public outreach requirements described herein, be and are hereby approved.

IT IS FURTHER ORDERED that, to the extent the provisions of this Decision are inconsistent with Decision Nos. 66028 or 66341, those Decisions shall be deemed amended to reflect the provisions of this Decision.



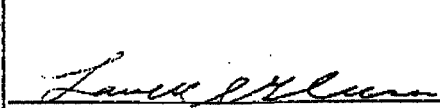
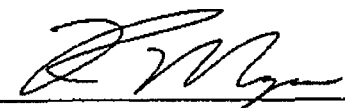
1 IT IS FURTHER ORDERED that Staff shall undertake the study as discussed in Finding of  
2 Fact No. 8.

3 IT IS FURTHER ORDERED that other than as amended by this Decision, Decision Nos.  
4 66028 and 66341 are hereby affirmed in their entirety.

5 IT IS FURTHER ORDERED that this order shall become effective immediately.

6  
7 BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

8  
9     
10 CHAIRMAN COMMISSIONER COMMISSIONER

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13 COMMISSIONER COMMISSIONER

14 IN WITNESS WHEREOF, I BRIAN C. McNEIL, Executive  
15 Secretary of the Arizona Corporation Commission, have  
16 hereunto, set my hand and caused the official seal of this  
17 Commission to be affixed at the Capitol, in the City of  
18 Phoenix, this 23<sup>rd</sup> day of March, 2004.

19   
20 BRIAN C. McNEIL  
21 Executive Secretary

22 DISSENT: \_\_\_\_\_

23  
24 DISSENT: \_\_\_\_\_

25 EGJ:BGG:lhmc\CKK  
26  
27  
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1 SERVICE LIST FOR: UNS Gas, Inc.  
2 DOCKET NOS. E-01032C-00-0751, et al.

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16 Stamford, Connecticut 06905

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18 Mr. Daniel W. Pozefsky  
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26 Mr. Robert A. Taylor  
27 City Attorney  
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Mr. Gary Smith  
Citizens Communications Company  
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Mr. Raymond Mason  
Director, Corporate Regulatory Affairs  
3 High Ridge Park  
Stamford, Connecticut 06905

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7 Cheifetz & Iannitelli, P.C.  
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12 Susan Mikes Doherty  
13 Huber, Lawrence & Abell  
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15 New York, New York 10158  
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18 Michael W. Patten  
19 ROSHKA HEYMAN & DeWULF  
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22 Attorneys for Mohave and Santa Cruz Counties  
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27 Attorney for City of Nogales, AZ  
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30 AUIA  
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32 Phoenix, Arizona 85004  
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34 Ms. Holly J. Hawn  
35 Santa Cruz Deputy County Attorney  
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39 Mr. Marshall Magruder  
40 Ms. Lucy Magruder  
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9 Mr. Ernest G. Johnson  
10 Director, Utilities Division  
11 Arizona Corporation Commission  
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13 Phoenix, Arizona 85007

14 Mr. Christopher C. Kempley  
15 Chief Counsel  
16 Arizona Corporation Commission  
17 1200 West Washington  
18 Phoenix, Arizona 85007  
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# Exhibit 3

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ORDER

3. Pricing Plan C.A.R.E.S. provides a discount to residential customers of UNSE whose income is not more than 150 percent of the Federal Poverty Level Guideline. The amount of discount varies with consumption level.

1           4.     UNSE proposes to modify the pricing plan by removing a reference to the Arizona  
2 Department of Economic Security ("DES") and by changing the recertification time period.  
3 Currently, the pricing plan provides for DES to verify income levels. UNSE intends to do the  
4 verification itself, thereby reducing processing time. It has taken DES 30 to 45 days to process an  
5 application. UNSE intends to process applications within 20 days.

6           5.     Currently, to continue eligibility, customers must provide certification of income  
7 each year. UNSE proposes to modify the pricing plan by re-certifying random samples of  
8 participants every two years prior to January 1 and when a customer changes residence.

9           6.     Staff has recommended approval of the modifications to Pricing Plan C.A.R.E.S.  
10 because the changes would shorten the application processing time and would reduce the burden  
11 on customers.

12           7.     Staff has further recommended that UNSE file tariff pages consistent with the terms  
13 of this Decision within 15 days from the effective date of the Decision.

14 Pricing Plan C.A.R.E.S. - M

15           8.     Pricing Plan C.A.R.E.S. - M allows for bill discounts for UNSE customers at higher  
16 consumption levels when the customer requires the use of medical equipment for sustaining life  
17 and a physician verifies the situation. UNSE proposes to extend the time period for physician re-  
18 verification from annual to every two years.

19           9.     Staff has recommended approval of the modification to Pricing Plan C.A.R.E.S. -  
20 M. Staff has also recommended that UNSE file tariff pages consistent with the terms of this  
21 Decision within 15 days from the effective date of the Decision.

22 Pricing Plan R-12

23           10.    Pricing Plan R-12 provides a discount to residential customers of UNSG whose  
24 income is not more than 150 percent of the federal poverty level. The amount of the discount is  
25 \$0.15 per therm for the first 100 therms per month during the billing months of November through  
26 April.

27           11.    UNSG proposes to modify the pricing plan by removing a reference to DES, by  
28 changing the recertification time period, and by removing a reference to pools, spas, and hot tubs.

1 Currently, the pricing plan provides for DES to verify income levels. UNSG intends to do the  
2 verification itself as described above for Pricing Plan C.A.R.E.S.

3 12. Currently, to continue eligibility, customers must provide certification of income  
4 each year prior to November 1 and when a customer changes residence. UNSG proposes to  
5 modify the pricing plan by re-certifying random samples of participants every two years prior to  
6 October 1 and when a customer changes residence.

7 13. The current pricing plan contains a provision that customers with connected service  
8 to pools, spas, or hot tubs are eligible for the pricing plan only if usage is prescribed in writing by a  
9 licensed physician. UNSG proposes to eliminate this statement.

10 14. Staff has recommended approval of the modifications to Pricing Plan R-12 because  
11 the changes would shorten the application processing time and would reduce the burden on  
12 customers.

13 15. Staff has also recommended that UNSG file tariff pages consistent with the terms of  
14 this Decision within 15 days from the effective date of the Decision.

15 Reporting Requirements

16 16. Decision No. 66861 ordered UNSG to docket semi-annual reports with the  
17 Commission on January 30 and July 30, documenting C.A.R.E.S. program participation levels.  
18 Staff has recommended that UNSG continue to file these reports and that UNSE begin to file such  
19 reports. The reports should list by month, the number of participants, the total amount of  
20 discounts, the average amount of discount per customer, and the amount of administrative  
21 expenses.

22 Outreach

23 17. Decision No. 66861 required UNSG to inform the public in all areas served by  
24 UNSG of the availability and benefits of participation in the C.A.R.E.S. program, including radio,  
25 television, and newspaper ads, as well as quarterly bill inserts in both Spanish and English. The  
26 outreach was to include working with community agencies to increase C.A.R.E.S. program  
27 participation. Staff has recommended that UNSG continue its outreach efforts and that UNSE  
28 participate in such outreach efforts.



1 Fair Value Implications

2 18. Staff analyzed this application in terms of whether there were fair value  
3 implications. Compared to UNSE's and UNSG's total revenue, any impact from these programs  
4 would be de minimus, and any impact on UNSE's and UNSG's fair value rate base and rate of  
5 return would also be de minimus.

6 CONCLUSIONS OF LAW

7 1. UNSE and UNSG are Arizona public service corporations within the meaning of  
8 Article XV, Section 2, of the Arizona Constitution.

9 2. The Commission has jurisdiction over UNSE and UNSG and over the subject  
10 matter of the application.

11 3. Approval of the proposed modifications to the tariffs does not constitute a rate  
12 increase as contemplated by A.R.S. Section 40-250.

13 4. The Commission, having reviewed the application and Staff's Memorandum dated  
14 November 5, 2004, concludes that it is in the public interest to approve the tariff modifications.

15 ORDER

16 THEREFORE, IT IS ORDERED that the proposed modifications to Pricing Plan  
17 C.A.R.E.S., Pricing Plan C.A.R.E.S. - M, and Pricing Plan R-12 be and hereby are approved.

18 IT IS FURTHER ORDERED that UNSE file tariff pages for Pricing Plan C.A.R.E.S. and  
19 Pricing Plan C.A.R.E.S. - M consistent with the terms of this Decision within 15 days from the  
20 effective date of the Decision.

21 IT IS FURTHER ORDERED that UNSG docket tariff pages for Pricing Plan R-12  
22 consistent with the terms of this Decision within 15 days from the effective date of the Decision.

23 ...

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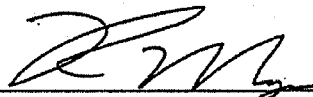
1 IT IS FURTHER ORDERED that UNSE and UNSG docket semi-annual reports as  
2 described in Finding of Fact No. 16.

3 IT IS FURTHER ORDERED that UNSG continue its outreach efforts and UNSE  
4 participate in outreach efforts as described in Finding of Fact No. 17.

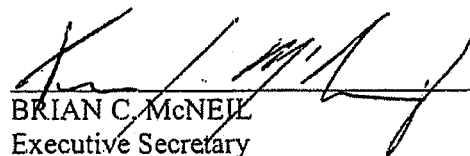
5 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

6  
7 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

8  
9     
10 CHAIRMAN COMMISSIONER COMMISSIONER

11  
12    
13 COMMISSIONER COMMISSIONER

14 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive  
15 Secretary of the Arizona Corporation Commission, have  
16 hereunto, set my hand and caused the official seal of this  
17 Commission to be affixed at the Capitol, in the City of  
18 Phoenix, this 3<sup>rd</sup> day of Dec., 2004.

19  
20   
21 BRIAN C. McNEIL  
22 Executive Secretary

23 DISSENT: \_\_\_\_\_

24 DISSENT: \_\_\_\_\_

25 EGJ:BEK:red/LV  
26  
27  
28

1 SERVICE LIST FOR: UNS ELECTRIC, INC., AND UNS GAS, INC.  
2 DOCKET NOS. E-04204A-04-0744 and G-04204A-04-0744

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# Exhibit 4

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2006 JUL 28 P 4: 04

AZ CORP COMMISSION  
DOCUMENT CONTROL

July 27, 2006

Docket Control  
Arizona Corporation Commission  
1200 W. Washington  
Phoenix, Arizona 85007

**Re: Docket No. E-04204A-04-0744, G-04204A-04-0744**

Docket Control,

Pursuant to Decision No. 67434, "UNS shall file Semi-annual reports with the Commission, documenting CARES program participation levels, as well as program cost recoveries and expenditures related to the CARES program deferral account balance, on a monthly basis. Such reports shall be filed by January 30<sup>th</sup> and July 30<sup>th</sup> of each year, documenting the previous first six months' and second six months' activity for each calendar year, respectively.

Enclosed please find the original and thirteen copies of the Semi-Annual report for UNS Gas, Inc. and UNS Electric, Inc's CARES Discount Program. Also enclosed is an additional copy that the Company requests you date-stamp and return in the self-addressed, stamped envelope for our files.

If you have any questions, please call me at 520.884.3680.

Sincerely,

A handwritten signature in cursive script that reads "Jessica Bryne".

Jessica Bryne  
Regulatory Services

Enclosures

Cc: Ernest Johnson, ACC  
Brian Bozzo, ACC  
Gary A. Smith, UNS Gas, Inc.  
Dennis Nelson, UNS Gas, Inc.  
Tom Ferry, UNS Electric, Inc.

# UNS Electric, Inc. CARES Discount Program - Summary of Total Program Expenses

January 2006 - June 2006

2006	Discount	Avg. Discount	Customer Participation	Administrative Expenses	Marketing Expenses
January	\$ 45,119.46	\$ 7.59	5,947	\$ 133.60	\$ 178.95
February	\$ 43,204.20	\$ 7.28	5,936	\$ 106.83	\$ 3,016.15
March	\$ 44,548.31	\$ 7.38	6,039	\$ 143.30	\$ -
April	\$ 43,613.45	\$ 7.39	5,899	\$ 236.72	\$ 831.98
May	\$ 43,834.37	\$ 7.31	5,994	\$ 254.17	\$ 224.50
June	\$ 45,498.81	\$ 7.60	5,989	\$ 298.37	\$ 3,900.47
<b>TOTAL</b>	<b>\$ 265,818.60</b>	<b>\$ 7.42</b>	<b>-</b>	<b>\$ 1,172.99</b>	<b>\$ 8,152.05</b>

Total Discount and Expenses	Avg. Monthly Customer Participation	Avg. Discount
Jan 06 - June 06	Jan 06 - June 06	Jan 06 - June 06
\$ 265,818.60	5,967	7.42

# UNS Gas, Inc. CARES Discount Program - Summary of Total Program Expenses

January 2006- June 2006

2006	Discount	Avg Discount	Participation	Administrative Expenses	Marketing Expenses
January	\$ 53,937.20	\$ 9.51	5,670	\$ 286.01	\$ 304.71
February	\$ 58,098.60	\$ 10.10	5,754	\$ 302.67	\$ 97.50
March	\$ 55,371.00	\$ 9.34	5,930	\$ 450.38	-
April	\$ 47,070.15	\$ 7.85	5,994	\$ 1,582.72	\$ 831.98
May	\$ 14.70	\$ -	5,929	\$ 1,130.54	\$ 211.50
June	\$ 4.35	\$ -	5,845	\$ 1,180.79	\$ 6,070.72
<b>TOTAL</b>	<b>\$ 214,496.00</b>	<b>\$ 6.11</b>	<b>-</b>	<b>\$ 4,933.11</b>	<b>\$ 7,516.41</b>

Total Discount and Expenses Jan 06 - June 06	Avg. Monthly Customer Participation Jan 06 - June 06	Avg. Discount Jan 06 - June 06
\$ 214,496.00	5,520	\$ 6.11

Notes:

1) Basic Cost of Service Rate: first 100 therms or less per month will be discounted by \$0.1500 per therm for the billing months November through April